

Coalition for Workers Compensation Fairness

November 28, 2006

The Honorable Bob Gosselin, Chair
House Employment Relations, Training, and Safety Committee
P.O. Box 30014
Lansing, MI 48909

Dear Chairman Gosselin:

Thank you for your willingness to consider HB 6640 in today's committee hearing. The passage of HB 6640 will ensure that minor league sports franchises will be treated the same as other Michigan employers in the area of worker's compensation.

Minor league sports teams are an important part of Michigan's economy. Whether it is providing jobs, economic activity, or low cost entertainment for Michigan families, minor league sports play a vital role in the life of Michigan communities.

Like any other business, minor league sports franchises are run on the tightest of margins and are impacted by the cost of payroll, taxes, insurance, and the state of the economy. Minor league sports are also constantly competing with other businesses for Michigan families' entertainment spending.

Due to a current exception for professional athletes in the workers compensation code, some minor league sports franchises are experiencing abnormally high insurance rates threatening their viability. Currently, the worker's compensation eligibility standards for professional athletes are different than any other employee in Michigan. While all other employees are deemed eligible for worker's compensation by calculating their wages at the time of an injury, minor league athletes are deemed eligible by calculating their wages at the time of application of benefits.

This difference has led to abuses in the current system among minor league athletes. Some players will often play through an injury until the off-season and file a claim for workers compensation when the season is over and their contract has expired. Since their eligibility is calculated after their contract has been paid, they are eligible for full workers comp benefits for the entire off-season. Most of these players do not seek off-season employment. Many of these same players are ready to play again when the season starts and their contracts begin again. This cycle is repeated over several years guaranteeing them a full years salary for a seasonal job.

Due to this pattern, workers compensation premiums are escalated to ensure that the payouts are covered for the athletes. In a business with tight margins, abnormally high insurance premiums can mean the difference between a profit and a loss, keeping the doors open or shutting them forever.

We believe that HB 6640 will correct the problem and will ensure that Michigan's thriving minor league sports teams will continue to bring economic vitality to our cities and quality entertainment to our citizens.

Sincerely,

Flint Generals
Grand Rapids Griffins
Muskegon Fury

Grand Rapids Rampage
Kalamazoo Wings
Port Huron Flags

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